

Message Text

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PAGE 01 KUALA 02877 111252Z
ACTION EA-12

INFO OCT-01 ARA-10 EUR-12 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11
OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01
ITC-01 /152 W

-----081022 120024Z /75

R 110831Z APR 78
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 3321
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY LA PAZ
AMEMBASSY LONDON
AMEMBASSY CANBERRA

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E. O. 11652: N/A
TAGS: EMIN, ITC, MY
SUBJ: PRESS REPORTS ON TIN

REF: KUALA LUMPUR 2800 (NOTAL)

1. NOT SURPRISINGLY, GIVEN THE HIGH LEVEL OF INTEREST
TIN GENERATES IN MALAYSIA, THE RECENT MEETING OF
PRODUCERS IN JAKARTA AND THE FORTHCOMING ITC MEETING
HAVE GENERATED CONSIDERABLE PRESS PLAY IN MALAYSIA.

2. THE MOST IMPORTANT ARTICLE WAS IN THE "NEW STRAITS
TIMES" ON APRIL 8 IN WHICH ABDUL FATAH ZAKARIA, WHO
CHAired THE MEETINGS IN JAKARTA, WAS QUOTED AS SAYING
THAT THE PRODUCERS WILL RESIST "ALL THE WAY" ANY
ATTEMPTS BY THE CONSUMERS, EXPECIALLY THE U.S., TO
POSTPONE DISCUSSIONS ON A REVIEW OF THE TIN BUFFER STOCK
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PAGE 02 KUALA 02877 111252Z

PRICE RANGE. HE STATED THAT ALTHOUGH THE PRODUCERS
UNDERSTOOD THE DESIRE OF THE U.S. TO POSTPONE THE
DISCUSSION OF A PRICE REVIEW, THE PRODUCER COUNTRIES
WILL NOT GIVE WAY.

3. IN AN ARTICLE IN THE "BUSINESS TIMES" OF APRIL 8,
ABDUL FATAH ZAKARIA WAS QUOTED AS SAYING THAT THE

PRODUCERS ARE LOOKING FORWARD TO COOPERATION AND COORDINATION WITH THE U.S. BUT THAT MUCH OF THE DIFFICULTY THE INDUSTRY NOW FACES IS THE RESULT OF THE LACK OF A CLEARCUT U.S. POLICY ON STOCKPILE RELEASES. FATAH STATED "WHAT WE (THE PRODUCERS) WANT FROM THE U.S. IS A POLICY CONSISTENT WITH THE OBJECTIVES OF THE TIN AGREEMENT IN TERMS OF PRICING, QUANTITY, TIMING AND THE RELEASE METHODS." FATAH ALSO MENTIONED THAT UNDER THE PRESENT CIRCUMSTANCES, A U.S. CONTRIBUTION TO THE BUFFER STOCK, COUPLED WITH THE RELEASE OF 45,000 TONS OF TIN, MIGHT ONLY CREATE EVEN MORE OVERSUPPLY AND FURTHER REDUCE PRICES. FOR THAT REASON, HE FELT THAT THE ITC WOULD HAVE TO STUDY THE U.S. METAL OFFER CAREFULLY.

4. INDUSTRY SOURCES WERE ALSO QUOTED IN THE SAME EDITION OF THE "BUSINESS TIMES" AS BEING EXTREMELY UNHAPPY WITH THE U.S. POSITION WHICH, THEY STATED, IS RESPONSIBLE FOR THE RECENT DROP IN TIN PRICES. THE INDUSTRY SOURCES ALSO NOTED THAT U.S. POLICIES WERE HAVING AN ESPECIALLY ADVERSE EFFECT ON GRAVEL PUMP MINERS. THE ARTICLE ALSO RAISED AGAIN THE CONSPIRACY THEORY NOW RUNNING THROUGH INDUSTRY CIRCLES -- U.S. INDUSTRY IS PURPOSELY DEPRESSING THE PRICE BEFORE THE ITC MEETING.

5. IN A SEPARATE ARTICLE APPEARING IN THE "NEW SUNDAY TIMES" OF APRIL 9, RAHIM AKI, PRESIDENT OF THE STATES OF MALAYA CHAMBER OF MINES, WAS QUOTED AS SAYING THAT LIMITED OFFICIAL USE

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PAGE 03 KUALA 02877 111252Z

THE TIN INDUSTRY WOULD BE COMPELLED TO SEEK OTHER ALTERNATIVES IF THE ITA FAILED TO PROVIDE BETTER PRICING INCENTIVES FOR PRODUCERS. HE DID NOT DIVULGE WHAT THESE "OTHER ALTERNATIVES" MIGHT BE BUT ADDED THAT THE INDUSTRY WOULD HAVE TO REVIEW ITS TRADITIONAL SUPPORT FOR THE AGREEMENT AND ITS EXISTING PRICE MECHANISMS IF THEIR INTERESTS WERE NOT BETTER PROTECTED.

6. COMMENT: ALTHOUGH TO A CERTAIN EXTENT WHAT APPEARS IN THE PRESS REGARDING TIN REPRESENTS PLAYING TO THE GALLERIES, THE REPORTS DO INDICATE A GENUINE CONCERN OVER THE PROSPECTS FOR THE NEXT ITC MEETING AND UNCERTAINTIES AS TO CONGRESSIONAL ACTIONS ON STOCK PILE RELEASES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, PRESS COMMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KUALA02877
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780156-0557
Format: TEL
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780471/aaaaciep.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 384820b3-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 KUALA LUMPUR 2800
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3012156
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS ON TIN
TAGS: EMIN, MY, ITC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/384820b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014